

## Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 OMB-01 EB-11 ARA-16 AID-20 AGR-20 TRSE-00

SWF-02 COME-00 IO-14 DRC-01 /176 W

----- 020775

R 131000Z JUN 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 3357

LIMITED OFFICIAL USE DACCA 2689

E.O.. 11652: N/A

TAGS: EAID, EAGR, ESTC, BG

SUBJ: PL 480 TITLE I: LEGAL IMPLICATIONS OF BDG TRADE WITH CUBA

REF: STATE 119389

STATE 123171; DACCA 2605

1. DEPUTY CHAIRMAN OF PLANNING COMMISSION NURUL ISLAM CALLED ME IN TODAY TO DISCUSS CUBA TRADE PROBLEM. I WAS ACCOMPANIED BY ACTING AID COORDINATOR WILSON.

2. ISLAM SAID HE HAD DISCUSSED THIS "DELICATE" MATTER WITH PRIME MINISTER AND WISHED TO CONVEY FOLLOWING INFORMATION (WHICH HAD ALSO BEEN CONVEYED YESTERDAY IN SLIGHTLY ALTERED FORM TO ADCM BY PC JOINT SECRETARY):

- (A) BANGLADESH JUTE MILL CORPORATION (WHOLLY GOVERNMENT-OWNED) HAD CONCLUDED COMMERCIAL CONTRACT TO SELL FOUR MILLION GUNNY BAGS TO CUBA, ABOUT HALF OF WHICH HAD BEEN SHIPPED.
- (B) THIS SALE WAS A ONE-TIME TRANSACTION.
- (C) THE PRODUCT SOLD WAS GUNNY BAGS.
- (D) SHIPMENT WAS BY NON-BANGLADESH VESSEL.

3. EXPANDING ON THE KEY ISSUE OF WHETHER THIS SALE WAS PART OF LIMITED OFFICIAL USE

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A CONTINUING TRADE RELATIONSHIP OR NOT, NURUL ISLAM EMPHASIZED

THAT SO FAR IT WAS A ONE-TIME TRANSACTION. WHETHER THERE WERE TO BE ANY FURTHER TRANSACTIONS, HE SAID, WAS A QUESTION THEY WOULD WISH TO DISCUSS WITH US. HE STRESSED THAT THIS TRANSACTION HAD BEEN ENTERED INTO IN IGNORANCE OF OUR PL-480 RESTRICTIONS. THEIR JUTE PEOPLE HAD BEEN PRESSED BY ALL SIDES TO EXPAND THEIR SALES AS MUCH AS POSSIBLE AND THEY HAD INNOCENTLY TAKEN ADVANTAGE OF A TRADE OPPORTUNITY.

4. POINTING TO RECENT EXAMPLES OF EXCEPTIONS GRANTED FOR SALES TO CUBA FROM LATIN AMERICAN COUNTRIES, NURUL ISLAM ASKED US TO GIVE SYMPATHETIC CONSIDERATION TO SIMILAR EXCEPTION FOR BANGLADESH WHICH WAS IN WORSE ECONOMIC STRAITS THAN BRAZIL OR ARGENTINA. WITH BANGLADESH'S EXPORT EARNINGS DECLINING AGAINST RAPIDLY RISING IMPORT COSTS, THEY NEEDED TO AVAIL THEMSELVES OF EVERY EXPORT OPPORTUNITY AND TURNED TO U.S. AS FRIEND OF BANGLADESH TO ADVISE THEM WHAT TO DO. HE SAID HE ALSO UNDERSTOOD THAT JUTE GOODS HAD BEEN SHIPPED DIRECTLY TO CUBA DURING PAKISTAN PERIOD 1960-65 AND THAT IT WAS ONLY AT END OF THIS PERIOD THAT USG HAD RAISED A QUESTION, AND THAT PRIOR TO BDG LIBERATION LOUIS DREYFUS COMPANY HAD MADE DIRECT SHIPMENTS TO CUBA. (NOTE: ACCORDING TO OFFICIAL "STATISTICAL DIGEST", FOLLOWING JUTE GOODS SHIPPED TO CUBA IN PAST:

FY 1962 18,014 TONS

FY 1963 3,800 TONS

FY 2.64 7,080 TONS

FY 1965 22,691 TONS

FY 1966 18,959 TONS

FY 1967 AND THEREAFTER-NO DIRECT SHIPMENTS)

5. I THANKED NURUL ISLAM FOR THIS INFORMATION AND SAID I APPRECIATED THE EMPHASIS HE HAD PUT ON THE SALE AS A "ONE-TIME TRANSACTION". WHILE WE WOULD SYMPATHETICALLY CONVEY HIS REQUEST FOR AN EXCEPTION, IT WOULD BE PREFERABLE NOT TO RELY SOLELY ON OUR WAIVER MECHANISM WHICH, EVEN IF IT WERE SUCCESSFUL, WOULD BE TIME-CONSUMING. UNFORTUNATE AS IT MIGHT SEEM TO BDG IN PRESEHX INSTANCE, THESE LEGISLATIVE RESTRICTIONS WERE IN EFFECT AND IMPORTANCE WAS ATTACHED TO THEIR OBSERVANCE. I ASKED IF IT WOULD BE FAIR TO INFER THAT IN APPROACHING THE QUESTION OF FURTHER SALES TO CUBA THEY WOULD BE GUIDED TO SOME EXTENT BY OUR DECISION WITH RESPECT TO THE CURRENT SALE. HE SAID THIS WOULD BE A FAIR INFERENCE, EMPHASIZING AGAIN HIS HOPE THAT WE COULD ALLOW SUCH SALES. I CONCLUDED, AS LIMITED OFFICIAL USE

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DEPUTY ASSISTANT SECRETARY LAINGEN HAD FITH AMBASSADOR ALI, BY HOPING THAT WE COULD AVOID PUBLIC DEBATE WHICH WOULD NOT BE HELPFUL. HE HEARTILY AGREED, SAYING THAT THIS WAS PERHAPS A MORE IMPORTANT CONSIDERATION FOR THEM THAN FOR US.

6. COMMENT: BDG POSITION IS AS FORTHCOMING AS WE COULD HAVE EXPECTED. NOW THAT RECENT SALE HAS BEEN PUBLICLY DOCUMENTED, IT WOULD BE POLITICALLY DIFFICULT FOR BDG, WITH ITS FRIENDLY RELA-

TIONSHIP TO SOVIET BLOC, TO DISAVOW ALL FURTHER TRADE WITH CUBA.  
I HOPE THAT ANSWERS PROVIDED TODAY WILL MAKE IT POSSIBLE TO  
REINSTITUTE SOONEST RECENT AMENDMENTS TO TITLE I SALES AGREEMENTS  
TO DEMONSTRATE OUR GOOD FAITH AND HAVING IN MIND BDG'S URGENT  
NEED FOR EDIBLE OIL.

7. I ALSO BELIEVE THAT WE SHOULD AVAIL OURSELVES OF MAXIMUM  
FLEXIBILITY POSSIBLE UNDER OUR LAW TO PERMIT BANGLADESH SOME  
LATITUDE IN SUCH SALES IN FUTURE. IS IT POSSIBLE, FOR EXAMPLE, TO  
CONSTRUE SUCH SALES AS NON-STRATEGIC AGRICULTURAL COMMODITIES AS  
PROVIDED UNDER THE ACT? WE MUST CERTAINLY ASK OURSELVES WHETHER  
IT IS IN OUR TRUE INTEREST TO ASK BANGLADESH, DESPERATE FOR  
EVERY EXPORT EARNING IT CAN GET, TO RESTRICT ITS SALES. SO FAR  
AS POLITICAL IMPLICATIONS ARE CONCERNED, BANGLADESH HAS MOVED  
CONSISTENTLY OVER PAST YEAR TO STRENGTHEN ITS BALANCED RELATION-  
SHIP WITH ALL SIDES, A DEVELOPMENT VERY MUCH TO OUR INTEREST, AND  
I DO NOT THINK WE WILL HELP THIS TREND BY PRESSING THEM TO THE  
WALL ON STRATEGICALLY INSIGNIFICANT SALES TO CUBA.  
BOSTER

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## Message Attributes

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